



**Plan Sponsor Council of America**  
Serving retirement plan sponsors for over 60 years

**STATEMENT FOR THE RECORD OF  
THE PLAN SPONSOR COUNCIL OF AMERICA**

**As submitted to the**

**WORKING GROUP ON SAVINGS AND INVESTMENT**

**U.S. SENATE COMMITTEE ON FINANCE**

**Wednesday, April 15, 2015**

The Plan Sponsor Council of America ("PSCA") would like to thank the members of the Senate Finance Committee's Working Group on Savings and Investment ("Working Group") for its commitment to improving retirement savings for American workers. PSCA is a diverse, collaborative community of engaged retirement savings plan sponsors, working together on behalf of more than six million employees to solve real problems, create positive change, and expand on the success of the employer-sponsored retirement savings system. With members representing employers of all sizes and industries, we offer a forum for comprehensive dialogue. By sharing our collective knowledge and experience as plan sponsors, PSCA also serves as a resource to policymakers, the media, and other stakeholders as part of our commitment to improving retirement security for millions of Americans.

We believe that Americans need to save more for retirement, and we support policies with this goal in mind. However, improvements should not come at the expense of already successful policies or in the form of any new employer mandates. Rather, we urge the members of the working group to remain mindful of the many ways in which the current employer-based retirement system is working for tens of millions of workers and is enhancing their retirement security, along with individual retirement plans, individual savings and Social Security.

The tax incentives that Congress has created are an important impetus for individuals to save for retirement and for employers to offer plans under a voluntary system. It is also important to understand that income derived from retirement plan contributions is tax-deferred income and not excluded from tax. Distributions are taxed as ordinary income.

The tax treatment of employer-sponsored plans encourages business owners to provide retirement programs for their employees and provides workers with an effective way to save through payroll deductions. Under current law, if business owners sponsor retirement plans, they also cover and provide benefits to all eligible employees, including lower-income and middle-income employees.

More than 70 percent of American workers making between \$30,000 and \$50,000 a year contribute to their own retirement when covered by retirement plans at work.<sup>1</sup> Many American workers also enjoy a retirement savings contribution from their employers. According to a PSCA survey in 2013, 95.3 percent of 401(k) plans included an employer matching or non-- elective employer contribution. Under the current system, employers have contributed almost \$3.7 trillion to public and private retirement plans from 2001 through 2010.<sup>2</sup>

Without the opportunity to save through payroll deduction supported by the current system of tax incentives designed to spur retirement savings, millions of Americans may not save for retirement or would have inadequate retirement. Policymakers should consider the potential negative impact that reduced savings could have on business, capital markets, the government and retirees. The private retirement system is working, and we urge the Working Group and the Senate Finance Committee to support that system.

PSCA looks forward to working with the Working Group and the Committee in pursuit of policies that will further enhance Americans' retirement security.

Respectfully submitted,

Plan Sponsor Council of America

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<sup>1</sup> Employee Benefit Research Institute (EBRI) estimate using 2008 Panel of Survey of Income and Program Participation (SIPP) data and 2010 EBRI data of workers not covered by an employer plan but saving through an IRA.

<sup>2</sup> EBRI tabulations of data from the Department of Commerce, Bureau of Economic Analysis, National Income and Product Accounts of the United States and the Department of Labor, Bureau of Labor Statistics, Consumer Price Index.